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ELECTRONICALLY

10/24/06

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9 *Counsel for the Official Committee of Equity Security Holders of*
 10 *USA Capital First Trust Deed Fund, LLC*

11 **UNITED STATES BANKRUPTCY COURT**
 12 **DISTRICT OF NEVADA**

12 In re:) BK-S-06-10725-LBR
 13 USA COMMERCIAL MORTGAGE COMPANY) Chapter 11
 Debtor)

14 In re:) BK-S-06-10726-LBR
 15 USA CAPITAL REALTY ADVISORS, LLC,) Chapter 11
 Debtor)

16 In re:) BK-S-06-10727-LBR
 17 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,) Chapter 11
 Debtor)

18 In re:) BK-S-06-10728-LBR
 19 USA CAPITAL FIRST TRUST DEED FUND, LLC,) Chapter 11
 Debtor.)

20 In re:) BK-S-06-10729-LBR
 21 USA SECURITIES, LLC,) Chapter 11
 Debtor.)

22 **Affects**

21 ☒ All Debtors)
 22 ☐ USA Commercial Mortgage Co.) Date: September 28, 2006
 23 ☐ USA Securities, LLC) Time: 9:30 a.m.
 24 ☐ USA Capital Realty Advisors, LLC)
 25 ☐ USA Capital Diversified Trust Deed)
 26 ☐ USA First Trust Deed Fund, LLC)

27 **THE OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS OF USA CAPITAL**
 28 **FIRST TRUST DEED FUND, LLC'S OBJECTION TO FORM OF ORDER APPROVING**
FIRST APPLICATION FOR INTERIM ALLOWANCE OF ATTORNEY'S FEES AND
REIMBURSEMENT OF EXPENSES OF SCHWARTZER & MCPHERSON LAW FIRM
FROM APRIL 14, 2006 THROUGH JULY 31, 2006 (AFFECTS ALL DEBTORS)

1 The Official Committee of Equity Security Holders of USA Capital First Trust Deed
2 Fund, LLC (the "FTDF Committee") hereby objects to the form of Order Approving First
3 Application for Interim Allowance of Attorney's Fees and Reimbursement of Expenses of
4 Schwartzer & McPherson Law Firm From April 14, 2006 Through July 31, 2006 (the "S&M
5 Fee Order") which was lodged with this Court on October 20, 2006.

7 The basis of this objection is as follows:

8 1. The First Application for Interim Allowance of Attorney's Fees and
9 Reimbursement of Expenses of Schwartzer & McPherson Law Firm From April 14, 2006
10 Through July 31, 2006 (the "S&M Fee Application") sought an allocation of \$11,300 of the
11 total fees and costs requested to USA Capital First Trust Deed Fund, LLC (the "FTDF").

13 2. The Official Committee of Unsecured Creditors of USA Commercial Mortgage
14 Company (the "UCC") objected to the proposed allocation for certain of Debtors'
15 professionals, arguing for a greater allocation to the FTDF and to USA Diversified Trust Deed
16 Fund, LLC (the "DTDF", and collectively with the FTDF, the "Funds").

18 3. While vigorously opposing such additional allocations, both on the merits as
19 well as due to the lack of appropriate notice for the allowance or payment of such additional
20 amounts from the FTDF, the various USA committees, as part of ongoing negotiations (which
21 will hopefully lead to a consensual plan which provides for various allocations of expenses
22 and other items among the various estates), entered into a discussion involving an allocation
23 by which the Funds would not pay any additional amounts at this time, but rather which would
24 allocate to the Funds – on an interim basis only and subject to adjustment at a later date – an
25 amount not to exceed 9.5% of the fees sought by the Debtors' professionals in the first interim
26 fee applications. In addition, the discussion anticipated that any allocation above and beyond

1 the amounts allocated to the FTDF in the Debtors' original fee applications would be paid out
 2 of USA Commercial Mortgage Company's estate on an interim basis; and that the committees
 3 for the Funds would reserve the right to object to any additional interim allocations to the
 4 Funds' respective estates up until the hearings on the Debtors' professionals final fee
 5 applications.
 6

7 4. Consistent with the above arrangement, the proposed fee order for
 8 Allison/Mesirow provides for the following allocation of fees and expenses:¹

9 80% to USACM;

10 9.375% each to the FTDF and the DTDF;

11 0.75% to USA Securities; and

12 0.5% to USA Capital Realty Advisors.
 13

14 5. The proposed fee order for Ray Quinney & Nebeker (the "RQN Fee Order"),
 15 which has been approved by all parties, is also consistent with the above agreement.² The
 16 RQN Fee Order provides for a total compensation to Ray Quinney & Nebeker of \$999,825.51,
 17 allocated as follows:
 18

19 \$803,749.90 to USACM (80.39%);

20 \$93,628.87 to the FTDF (9.36%);

21 \$98,298.11 to the DTDF (9.83%);

22 \$2,074.31 to USA Capital Realty Advisors (0.02%); and

23 \$2,074.32 to USA Securities (0.02%).
 24
 25

26 ¹ Interestingly, this order was circulated on pleading paper of S&M, see Exhibit 1 hereto.
 27

28 ² This order was circulated on pleading paper of S&M as well, and is attached as Exhibit 2 hereto.

1 6. Debtors' counsel, Schwartzer & McPherson ("S&M"), agreed in open court
2 that no allocation would be requested beyond that which was set forth in the S&M Fee
3 Application and in the notice thereof served upon the parties, unless counsel for each of the
4 USA committees signed off on the form of the S&M Fee Order.

5
6 7. On October 17, 2006, S&M circulated the S&M Fee Order, a copy of which is
7 attached hereto as **Exhibit 3**.

8 8. Although one of the attorneys for the FTDF Committee, Ms. Karasik, initially
9 indicated to S&M that the form of the S&M Fee Order appeared acceptable, almost
10 immediately thereafter, local counsel for the FTDF Committee, Ms. Carlyon, noticed and
11 inquired of S&M as to why the gross amounts were different for the FTDF than for the DTDF.
12

13 9. Ms. McPherson responded that S&M had reallocated **an additional** 9% of the
14 total request **beyond** the original fee allocation to each of the Funds.

15 10. Ms. Karasik immediately requested clarification (on October 18, 2006 – see
16 **Exhibit 4** hereto), and received no response.

17
18 11. Ms. Carlyon sent follow-up emails to Mr. Schwartzer advising that the form of
19 the S&M Fee Order was not consistent with the agreement reached among the parties. Mr.
20 Schwartzer ultimately advised that the S&M Fee Order would not be revised, and had in fact
21 been lodged (apparently with his office adding the "consent" of Ms. Karasik).

22 12. The FTDF Committee does *not* consent to the allocation – even on a temporary
23 basis – of fees in excess of 9.5% to FTDF. Ms. Karasik was not aware that S&M had sought
24

25 ///

26 ///

1 to gain approval for an allocation in excess of this percentage.

2 DATED this 24 day of October, 2006.

3
4 SHEA & CARLYON, LTD.

5 

6 JAMES PATRICK SHEA

7 CANDACE C. CARLYON

8 SHLOMO S. SHERMAN

9 228 South Fourth Street, First Floor

Las Vegas, Nevada 89101

10 and

11 STUTMAN, TREISTER & GLATT, P.C.

12 FRANK A. MEROLA

13 EVE H. KARASIK

14 CHRISTINE M. PAJAK

15 1901 Avenue of the Stars, 12th Floor

16 Los Angeles, CA 90067

EXHIBIT “1”

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and

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 Jeanette E. McPherson, Nevada Bar No. 5423
 Schwartzer & McPherson Law Firm
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 Attorneys for Debtors and Debtors-in-Possession

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re:
 USA COMMERCIAL MORTGAGE COMPANY,
 Debtor.

In re:
 USA CAPITAL REALTY ADVISORS, LLC,
 Debtor.

In re:
 USA CAPITAL DIVERSIFIED TRUST DEED FUND,
 LLC,
 Debtor.

In re:
 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 Debtor.

In re:
 USA SECURITIES, LLC,
 Debtor.

Affects:
☒ All Debtors
☐ USA Commercial Mortgage Company
☐ USA Securities, LLC
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed Fund, LLC
☐ USA Capital First Trust Deed Fund, LLC

Case No. BK-S-06-10725 LBR
 Case No. BK-S-06-10726 LBR
 Case No. BK-S-06-10727 LBR
 Case No. BK-S-06-10728 LBR
 Case No. BK-S-06-10729 LBR
 Chapter 11
 Jointly Administered Under
 Case No. BK-S-06-10725 LBR

**ORDER APPROVING FIRST INTERIM
 APPLICATION FOR COMPENSATION AND
 REIMBURSEMENT OF EXPENSES FOR (I)
 MESIROW FINANCIAL INTERIM
 MANAGEMENT, LLC AS CRISIS MANAGERS
 FOR THE DEBTORS; AND (II) THOMAS J.
 ALLISON OF MESIROW FINANCIAL
 INTERIM MANAGEMENT, LLC AS CHIEF
 RESTRUCTURING OFFICER FOR THE
 DEBTORS DURING THE TIME PERIOD
 APRIL 14, 2006 THROUGH JULY 31, 2006**

Date: September 28, 2006
 Time: 9:30 a.m.

SCHWARTZ & MCPHERSON LAW FIRM
 2850 South Jones Boulevard, Suite 1
 Las Vegas, Nevada 89146-5308
 Tel: (702) 228-7590 · Fax: (702) 892-0122

This matter came before the Court upon the first interim application (the “**MFIM First Interim Fee Application**”) for compensation and reimbursement of expenses for (i) Mesirow Financial Interim Management, LLC (“**MFIM**”) as crisis managers for USA Commercial Mortgage Company, USA Capital Realty Advisors, LLC, USA Capital Diversified Trust Deed Fund, LLC, USA Capital First Trust Deed Fund, LLC and USA Securities, LLC, debtors and debtors in possession herein (collectively, the “**Debtors**”), and (ii) Thomas J. Allison of MFIM as Chief Restructuring Officer for the Debtors during the time period April 14, 2006 through July 31, 2006 (the “**Interim Period**”). The Court finds that due and adequate notice of the MFIM First Interim Application has been given. All comments and objections having been filed, including those of the United States Trustee, Joseph Milanowski and Thomas Hantges, the Official Committee Of Unsecured Creditors, JV Direct Lenders, Roy Ventura, the Richard and Shelia McKnight 2000 Family Trust and Richard McKnight Sep-Ira (collectively known as the “**Objections**”), have been resolved or overruled consistent with the provisions of this Order. A hearing having been held and the Court being fully advised in the premises:

IT IS HEREBY ORDERED THAT MFIM’s interim compensation for professional services rendered to the Debtors during the Interim Period in the amount of \$3,364,398.00 (representing 100% of the actual fees incurred during the Interim Period) is hereby approved and awarded; and

IT IS FURTHER ORDERED THAT MFIM’s interim allowance for reimbursement of expenses incurred by it in connection with its representation of the Debtors during the Interim Period in the amount of \$213,812.00 (representing 100% of the expenses incurred during the Interim Period) is hereby approved and awarded; and

IT IS FURTHER ORDERED THAT MFIM and the United States shall, within 60 days after entry of this Order, meet and confer to attempt to resolve the United States Trustee’s informal fee objection or comments to the MFIM First Interim Fee Application. After conferring, if the United States Trustee believes a continuing objection is warranted, the United States Trustee shall file that objection with the Court and notice it for hearing in accordance with the procedures in place in this matter. To the extent that any portion of the United States Trustee’s objection is

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upheld by the Court, any reduction in fees may be offset against future fees awarded to MFIM. The obligation to meet and confer to attempt to resolve the United States Trustee's information objection or comments is not a condition precedent to this interim award or payment of MFIM's fees and expenses as set forth herein; and

IT IS FURTHER ORDERED THAT the award of compensation and reimbursement approved and awarded to MFIM in the total amount of \$3,578,210.00, which includes \$3,364,398.00 in fees and \$213,812.00 in expenses incurred during the Interim Period, shall be allocated among the Debtors' estates as follows, on a temporary basis, subject to objections to the allocated amounts that may be filed only by the USA Commercial Mortgage Company ("USACM") Unsecured Creditors Committee ("UCC"), the First Trust Deed Fund ("FTDF") Committee and the Diversified Trust Deed Fund ("DTDF") Committee prior to the deadline for objections to the final fee allowance or such other date as may be agreed to by the signatories hereto:

- (a) 80.0% of fees and expenses or \$2,862,568.00 to the estate of USACM;
- (b) 9.375% of fees and expenses or \$335,457.19 to the estate of USA Capital Diversified Trust Deed Fund, LLC;
- (c) 9.375% of fees and expenses or \$335,457.19 to the estate of USA Capital First Trust Deed Fund, LLC;
- (d) 0.75% of fees and expenses or \$26,836.58 to the estate of USA Securities, LLC;
- (e) 0.50% of fees and expenses or \$17,891.05 to the estate of USA Capital Realty Advisors, LLC; and

IT IS FURTHER ORDERED THAT the above amounts are hereby allowed as priority administrative expenses pursuant to 11 U.S.C. §§ 503(b)(2) and 507(a)(1) in the respective bankruptcy estate to which they have been allocated, subject to all provisions of this Order; and

IT IS FURTHER ORDERED THAT the Debtors are hereby ordered and authorized, pursuant to 11 U.S.C. §§ 330 and 331, to pay the above amounts from the respective estate to MFIM as set forth herein, provided that:

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(1) MFIM shall be paid the amount it initially allocated to the USA Capital First Trust Deed Fund, LLC estate in the MFIM First Interim Fee Application, *i.e.* 2.9% of fees only or \$98,861.00, from the USA Capital First Trust Deed Fund, LLC estate; and

(2) the additional amount allocated to the USA Capital First Trust Deed Fund, LLC estate under the UCC settlement, *i.e.* \$236,596.19 (the “Additional Amount”), shall be paid initially by the USACM estate, pending resolution of disputes over inter-estate claims between the USACM estate and USA Capital First Trust Deed Fund, LLC estate, and with a full reservation of the FTDF Committee’s right to contest the Additional Amount allocated to the USA Capital First Trust Deed Fund, LLC estate if no agreement is reached; and

IT IS FURTHER ORDERED THAT the MFIM First Interim Fee Application, as well as this award, are interim in nature as provided in the Court’s Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals entered August 29, 2006 (Docket No. 1202).

Submitted by:
 RAY QUINNEY & NEBEKER P.C. and
 SCHWARTZER & MCPHERSON LAW FIRM

Approved / Disapproved by:
 OFFICE OF THE U.S. TRUSTEE

By: _____
 JEANETTE E. MCPHERSON, ESQ.
Attorneys for Debtors and Debtors-in-Possession

By: _____
 AUGUST B. LANDIS, ESQ.

Approved/Disapproved by:
 LEWIS AND ROCA, LLP

Approved/Disapproved by:
 GORDON & SILVER, LTD.

By: _____
 SUSAN M. FREEMAN, ESQ.
 ROB CHARLES, ESQ.
*Counsel for the Official Committee of
 Unsecured Creditors of USA Commercial
 Mortgage Company*

By: _____
 GERALD M. GORDON, ESQ.
 GREGORY E. GARMAN, ESQ.
*Counsel for the Official Committee of
 Holders of Executory Contract Rights of
 USA Commercial Mortgage Company*

ORDER APPROVING FIRST INTERIM APPLICATION FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR (I) MESIROW FINANCIAL INTERIM MANAGEMENT, LLC AS CRISIS MANAGERS FOR THE DEBTORS; AND (II) THOMAS J. ALLISON OF MESIROW FINANCIAL INTERIM MANAGEMENT, LLC AS CHIEF RESTRUCTURING OFFICER FOR THE DEBTORS DURING THE TIME PERIOD APRIL 14, 2006 THROUGH JULY 31, 2006

Approved/Disapproved by:
ORRICK, HERRINGTON & SUTCLIFFE LLP
and BECKLEY SINGLETON, CHTD.

Approved/Disapproved by:
STUTMAN TREISTER & GLATT, P.C. and
SHEA & CARLYON, LTD.

By: _____
MARC A. LEVINSON, ESQ.
LYNN TRINKA ERNCE, ESQ.
BRETT A. AXELROD, ESQ.
ANNE M. LORADITCH, ESQ.
*Counsel for the Official Committee of
Equity Security Holders of USA Capital
Diversified Trust Deed Fund, LLC*

By: _____
FRANK A. MEROLA, ESQ.
EVE KARASIK, ESQ.
CHRISTINE PAJAK, ESQ.
CANDACE C. CARLYON, ESQ.
*Counsel for the Official Committee of
Equity Security Holders of USA Capital
First Trust Deed Fund LLC*

Approved by:
JONES VARGAS

Approved by:
LAW OFFICE OF RICHARD MCKNIGHT

By: _____
JANET L CHUBB, ESQ.
Counsel for Direct Lenders-Beneficiaries

By: _____
RICHARD MCKNIGHT, ESQ.

Approved by:

By: _____
RUSSELL WALKER, ESQ.
*Counsel for USA Investment Partners, Joseph
Milanowski, and Thomas Hantges*

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EXHIBIT “2”

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 Telephone: (801) 532-1500
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and
 Lenard E. Schwartzer, Nevada Bar No. 0399
 Jeanette E. McPherson, Nevada Bar No. 5423
 Schwartzer & McPherson Law Firm
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 Facsimile: (702) 892-0122
 E-Mail: bkfilings@s-mlaw.com
 Attorneys for Debtors and Debtors-in-Possession

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re:
 USA COMMERCIAL MORTGAGE COMPANY,
 Debtor.

In re:
 USA CAPITAL REALTY ADVISORS, LLC,
 Debtor.

In re:
 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,
 Debtor.

In re:
 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 Debtor.

In re:
 USA SECURITIES, LLC,
 Debtor.

Affects:
☒ All Debtors
☐ USA Commercial Mortgage Company
☐ USA Securities, LLC
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed Fund, LLC
☐ USA Capital First Trust Deed Fund, LLC

Case No. BK-S-06-10725 LBR
 Case No. BK-S-06-10726 LBR
 Case No. BK-S-06-10727 LBR
 Case No. BK-S-06-10728 LBR
 Case No. BK-S-06-10729 LBR

Chapter 11

Jointly Administered Under
 Case No. BK-S-06-10725 LBR

**ORDER APPROVING FIRST
 APPLICATION OF RAY QUINNEY &
 NEBEKER P.C. FOR INTERIM
 COMPENSATION AND
 REIMBURSEMENT PURSUANT TO
 11 U.S.C. §§330 AND 331 FOR THE
 PERIOD APRIL 13, 2006 THROUGH
 AUGUST 31, 2006**

1 This matter came before the Court upon the First Application of Ray Quinney & Nebeker
 2 P.C. for Interim Compensation and Reimbursement Pursuant to 11 U.S.C. §§ 330 and 331 for the
 3 Period April 13, 2005 through August 31, 2006 (the "RQN Application"). The Court finds that
 4 notice has been properly given to creditors and parties in interest and that objections have been
 5 resolved or overruled consistent with the provisions of this Order. The Court being otherwise
 6 apprised in this matter, it is hereby:

7 **ORDERED** that interim compensation and reimbursement is hereby approved and
 8 awarded to Ray Quinney & Nebeker P.C. ("Ray Quinney") in the total amount of \$999,825.51
 9 which includes \$937,187.54 for professional services rendered and \$62,637.97 for expenses
 10 incurred during the Application Period;

11 **ORDERED** that the United States Trustee's informal objection to Ray Quinney's fees for
 12 "Clerical Issues," "Lumping," and "Research," and the United States Trustee's informal objection
 13 to Ray Quinney's expenses for "Paralegal Services," "Legal Research," "Business Meals," and
 14 "Travel Expenses" (as those terms are used in the United States Trustee's objection) are hereby
 15 overruled;

16 **ORDERED** that Ray Quinney and the United States Trustee shall within 60 days after
 17 entry of this order, meet and confer to attempt to resolve the Trustee's informal fee objection
 18 regarding "Internal Conferences." After conferring, if the United States Trustee believes a
 19 continuing "Internal Conferences" objection is warranted, the Trustee shall file that objection with
 20 the Court and notice it for hearing in accordance with the procedures in place in this matter. To
 21 the extent any portion of the United States Trustee's objection is upheld by the Court, any
 22 reduction in fees may be offset against future fees awarded to Ray Quinney. The obligation to
 23 meet and confer to attempt to resolve the Trustee's informal "Internal Conferences" objection is
 24 not a condition precedent to the interim award of Ray Quinney's fees and costs as set forth above;

25 **ORDERED** that the award of compensation and reimbursement approved and awarded to
 26 Ray Quinney in the total amount of \$999,825.51, which includes \$937,187.54 for professional
 27 services rendered and \$62,637.97 for expenses incurred during the Application Period shall be
 28 allocated, in full settlement of the objection filed by the USA Commercial Mortgage Company

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1 (“USACM”) Unsecured Creditors Committee (“UCC”), among the Debtors’ estates as follows on
 2 a temporary basis, subject to objections to the allocated amounts that may be filed by the First
 3 Trust Deed Fund (“FTDF”) Committee and Diversified Trust Deed Fund (“DTDF”) Committee
 4 prior to the deadline for objections to final fee allowance or such other date as may be agreed by
 5 the signatories hereto:

	<u>Fees</u>	<u>Expenses</u>	<u>Total</u>
USACM	\$753,395.85	\$50,354.05	\$803,749.90
First Trust Deed Fund	\$87,763.12	\$5,865.75	\$93,628.87
Diversified Trust Deed Fund	\$92,139.84	\$6,158.27	\$98,298.11
USA Capital Realty Advisors	\$1,944.36	\$129.95	\$2,074.31
USA Securities	\$1,944.37	\$129.95	\$2,074.32
Total	<u>\$937,187.54</u>	<u>\$62,637.97</u>	<u>\$999,825.51</u>

12 The portion of fees (\$44,621.49) and costs (\$2,982.33) that Ray Quinney asserts is allocable to
 13 services directly related to the Official Committee of Holders of Executory Contract Rights
 14 Through USA Commercial Mortgage Company (the “Direct Lenders Committee”), and other
 15 amounts as asserted by the UCC to be services directly related to constituents of the Direct
 16 Lenders Committee (“Direct Lenders”), shall be paid out of the USACM estate with a full
 17 reservation of rights by USACM and the UCC to seek recovery of these fees and costs from
 18 another source, including the funds otherwise payable to Direct Lenders;

19 **ORDERED** that the above amounts are hereby allowed as priority administrative expenses
 20 pursuant to 11 U.S.C. §§ 503(b)(2) and 507(a)(1) in the respective bankruptcy estate to which they
 21 have been allocated, subject to the provisions of this order; and

22 **ORDERED** that the Debtors are hereby ordered and authorized, pursuant to 11 U.S.C.
 23 §§ 330 and 331, to pay the above amounts from the respective estate to Ray Quinney as set forth
 24 herein, provided that:

- 25 (1) Ray Quinney shall be paid the amount it initially allocated to the FTDF estate in its
 26 fee application, *i.e.*, \$34,409.39, from the FTDF estate; and
- 27 (2) the additional amount allocated to the FTDF estate under the UCC settlement, *i.e.*,
 28 \$59,219.48, shall be paid initially by the USACM estate, pending resolution of

disputes over inter-estate claims between the USACM estate and the FTDF estate,
and with a full reservation of the FTDF Committee's right to contest the amount
allocated to the FTDF estate if no agreement is reached.

ORDERED that the RQN Application, as well as this award, are interim in nature as
provided in the Court's Administrative Order Establishing Procedures for Interim Compensation
and Reimbursement of Expenses of Professionals entered August 29, 2006 (Docket No. 1202).

Submitted by:
RAY QUINNEY & NEBEKER P.C. and
SCHWARTZER & MCPHERSON LAW FIRM

Approved / Disapproved by:
OFFICE OF THE U.S. TRUSTEE

By: JEANETTE E. MCPHERSON, ESQ.
*Attorneys for Debtors and Debtors-in-
Possession*

By: AUGUST B. LANDIS, ESQ.

Approved/Disapproved by:
LEWIS AND ROCA, LLP

Approved/Disapproved by:
GORDON & SILVER, LTD.

By: SUSAN M. FREEMAN, ESQ.
ROB CHARLES, ESQ.
*Counsel for the Official Committee of
Unsecured Creditors of USA Commercial
Mortgage Company*

By: GERALD M. GORDON, ESQ.
GREGORY E. GARMAN, ESQ.
*Counsel for the Official Committee of
Holders of Executory Contract Rights of
USA Commercial Mortgage Company*

Approved/Disapproved by:
ORRICK, HERRINGTON & SUTCLIFFE LLP
and BECKLEY SINGLETON, CHTD.

Approved/Disapproved by:
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SHEA & CARLYON, LTD.

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ANNE M. LORADITCH, ESQ.
*Counsel for the Official Committee of
Equity Security Holders of USA Capital
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By: FRANK A. MEROLA, ESQ.
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*Counsel for the Official Committee of
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EXHIBIT “3”

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Annette W. Jarvis, Utah Bar No. 1649
 Steven C. Strong, Utah Bar No. 6340
 RAY QUINNEY & NEBEKER P.C.
 36 South State Street, Suite 1400
 P.O. Box 45385
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 and
 Lenard E. Schwartzer, Nevada Bar No. 0399
 Jeanette E. McPherson, Nevada Bar No. 5423
 SCHWARTZER & MCPHERSON LAW FIRM
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 Telephone: (702) 228-7590
 Facsimile: (702) 892-0122
 E-Mail: bkfilings@s-mlaw.com
 Attorneys for Debtors and Debtors-in-Possession

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re:
 USA COMMERCIAL MORTGAGE COMPANY,
 Debtor.

Case No. BK-S-06-10725 LBR
 Case No. BK-S-06-10726 LBR
 Case No. BK-S-06-10727 LBR
 Case No. BK-S-06-10728 LBR
 Case No. BK-S-06-10729 LBR

In re:
 USA CAPITAL REALTY ADVISORS, LLC,
 Debtor.

Chapter 11

In re:
 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,
 Debtor.

Jointly Administered Under
 Case No. BK-S-06-10725 LBR

In re:
 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 Debtor.

In re:
 USA SECURITIES, LLC,
 Debtor.

Affects:
☒ All Debtors
☐ USA Commercial Mortgage Company
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed Fund, LLC
☐ USA Capital First Trust Deed Fund, LLC
☐ USA Securities, LLC

**ORDER APPROVING FIRST
 APPLICATION FOR INTERIM
 ALLOWANCE OF ATTORNEY'S FEES
 AND REIMBURSEMENT OF EXPENSES
 OF SCHWARTZER & MCPHERSON
 LAW FIRM FROM APRIL 14, 2006
 THROUGH JULY 31, 2006
 (AFFECTS ALL DEBTORS)**

Date: September 28, 2006
 Time: 9:30 a.m.

The Court having considered the First Application For Interim Allowance Of Attorney's Fees And Reimbursement Of Expenses Of Schwartz & McPherson Law Firm From April 14, 2006 Through July 31, 2006 ("Application") filed by Schwartz & McPherson Law Firm ("Applicant"); the Court having reviewed the pleadings, papers and records on file in this matter, including the objections on file, and the Court having considered the argument of counsel; it is hereby

ORDERED that the First Application For Interim Allowance Of Attorney's Fees And Reimbursement Of Expenses Of Schwartz & McPherson Law Firm From April 14, 2006 Through July 31, 2006 is allowed; and

IT IS FURTHER ORDERED that the United States Trustee's objections to the Application are hereby overruled; and

IT IS FURTHER ORDERED that Applicant is hereby allowed \$265,016.00 as interim compensation for services rendered for the period April 14, 2006 through July 31, 2006 (the "Fees"); and

IT IS FURTHER ORDERED that Applicant is allowed interim reimbursement for costs expended in the amount of \$5,465.09 (the "Expenses"), subject to further documentation to be provided to the United States Trustee regarding reimbursement of costs for PACER; and

IT IS FURTHER ORDERED that, although the Applicant allocated the Fees in its Application to each of the Debtors as follows

USACM	\$ 244,438.51
USACRA	\$ 295.00
DTDF	\$ 8,307.49
FTDF	\$ 11,300.00
Securities	\$ 675.00

and allocated the Expenses in the amount of \$5,465.09 to USACM, upon agreement by Applicant and each of the Committees who are signatories below, the Fees and Expenses are allocated, on a temporary basis subject to objections to the allocated amounts that may be filed by the First Trust Deed Fund ("FTDF") Committee and Diversified Trust Deed Fund ("DTDF") Committee prior to the deadline for objections to final fee allowance or such other date as may be agreed by the

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1 signatories hereto, as follows:

2 Fees:

3	USACM	\$ 200,439.59
4	USACRA	\$ 295.00
5	DTDF	\$ 30,306.95
6	FTDF	\$ 33,299.46
7	Securities	\$ 675.00

8 Expenses:

9	USACM	\$ 4,481.37
10	USACRA	\$ 0.00
11	DTDF	\$ 491.86
12	FTDF	\$ 491.86
13	Securities	\$ 0.00

14 IT IS FURTHER ORDERED that the Debtors are hereby ordered and authorized to pay
15 the allowed Fees and Expenses as set forth herein from the respective Debtor's estate; and

16 IT IS FURTHER ORDERED that the Debtors are hereby ordered and authorized, pursuant
17 to 11 U.S.C. §§ 330 and 331, to pay the above amounts from the respective estate to Applicant as
18 set forth herein, provided that:

- 19 1) Applicant shall be paid the amount it initially allocated to the FTDF estate in its fee
20 application, \$11,300.00 from the FTDF estate; and
- 21 2) The additional amount allocated to the FTDF estate after the Agreement, \$22,491.31
22 (\$33,791.32-\$11,300.00) (the "Additional Amount"), shall be paid initially by the USACM
23 estate, pending resolution of disputes over inter-estate claims between the USACM estate
24 and FTDF estate, and with full reservation of the FTDF Committee's right to contest the
25 Additional Amount allocated to the FTDF estate if no agreement is reached.

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1 IT IS FURTHER ORDERED that the Application, as well as this award, are interim in
2 nature as provided in the Court's Administrative Order Establishing Procedures for Interim
3 Compensation and Reimbursement of Expenses of Professionals entered August 29, 2006 (Docket
4 No. 1202).

5 Submitted by:

Approved / Disapproved by:
OFFICE OF THE U.S. TRUSTEE

6
7 ~~_____~~
8 Lenard E. Schwartzer, Nevada Bar No. 0399
9 Jeanette E. McPherson, Nevada Bar No. 5423
10 SCHWARTZER & MCPHERSON LAW FIRM
2850 South Jones Boulevard, Suite 1
Las Vegas, Nevada 89146
Attorneys for Debtors and Debtors-in-Possession

By: _____
AUGUST B. LANDIS, ESQ.

11 Approved/Disapproved by:
12 **LEWIS AND ROCA, LLP**

Approved by:
**STUTMAN TREISTER & GLATT, P.C.
and SHEA & CARLYON, LTD.**

13
14 By: _____
15 SUSAN M. FREEMAN, ESQ.
16 ROB CHARLES, ESQ.
17 *Counsel for the Official Committee of*
18 *Unsecured Creditors of USA Commercial*
19 *Mortgage Company*

By: _____
FRANK MEROLA, ESQ.
EVE KARASIK, ESQ.
CHRISTINE PAJAK, ESQ.
CANDACE C. CARLYON, ESQ.
Counsel for the Official Committee of Equity
Security Holders of USA Capital First Trust Deed
Fund, LLC

20 Approved by:

GORDON & SILVER, LTD.

Approved by:
**BECKLEY SINGLETON, CHTD. and
ORRICK, HERRINGTON & SUTCLIFFE LLP**

21
22 By: _____
23 GERALD M. GORDON, ESQ.
24 GREGORY E. GARMAN, ESQ.
25 *Counsel for the Official Committee of Holders*
26 *of Executory Contract Rights of USA*
27 *Commercial Mortgage Company*

By: _____
MARC A. LEVINSON, ESQ.
LYNN TRINKA-ERNCE, ESQ.
ANNE M. LORADITCH, ESQ.
Counsel for the Official Committee of Equity
Security Holders of USA Capital Diversified
Trust Deed Fund, LLC

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EXHIBIT “4”

Shlomo Sherman

From: Candace Carlyon
Sent: Monday, October 23, 2006 11:19 PM
To: Shlomo Sherman
Subject: FW: Your fee order

From: Karasik, Eve H. [mailto:EKarasik@Stutman.com]
Sent: Mon 10/23/2006 5:34 PM
To: Lenard Schwartz; Candace Carlyon
Cc: Jeanette McPherson; Annette Jarvis; Steven Strong; Landis, Augie; Charles, Robert; Freeman, Susan
Subject: RE: Your fee order

All – as Candace points out, I approved the order on October 16 under a misunderstanding – I sent a later email (on October 18) to the entire group expressing my confusion and never received a response from any one from the Debtors. At that point, Candace took over to resolve the confusion. If the agreement was a total of 9.5% and the S&M allocated fees in the proposed order exceed that amount, then shouldn't the order be revised to reflect the agreement? If not, why not? Please advise. Thanks. Eve

The email I sent regarding my confusion to which I received no response follows:

From: Karasik, Eve H.
Sent: Wednesday, October 18, 2006 10:22 AM
To: 'Jeanette McPherson'; 'Candace Carlyon'; 'Lia Dorsey'; 'Landis, Augie'; 'Farrow, Scott A.'; 'Freeman, Susan'; 'Charles, Robert'; Pajak, Christine; Parlen, Andrew; GEG@GORDONSILVER.com; GMG@GORDONSILVER.com; MALEVINSON@Orrick.com; LERNCE@Orrick.com; aloraditch@BeckleyLaw.com; 'Bob Olson'
Subject: RE: Order Approving S&M Interim Application

Susan/Annette – ok now I am confused and have the disadvantage of not being at the hearing when the USACM/USACM Committee was explained. Was the deal that the total allocation to the Funds would be 9.5% each of all fees allocated to USACM such that the allocations made in the actual fee apps would be included in the 9.5% (additional allocation amount would be 9.5% minus the amount allocated in the filed fee apps) OR was the deal that the 9.5% was in addition to the amounts already allocated in the filed fee apps? Please clarify. Thanks. Eve

Eve H. Karasik, Esq.
Stutman Treister & Glatt PC
1901 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
310-228-5605 (telephone)
310-228-5788 (facsimile)
ekarasik@stutman.com

-----Original Message-----

From: Jeanette McPherson [mailto:jmcpherson@s-mlaw.com]
Sent: Wednesday, October 18, 2006 9:30 AM
To: 'Candace Carlyon'; 'Lia Dorsey'; 'Landis, Augie'; 'Farrow, Scott A.'; 'Freeman, Susan'; 'Charles, Robert';

Karasik, Eve H.; Pajak, Christine; Parlen, Andrew; GEG@GORDONSILVER.com;
GMG@GORDONSILVER.com; MALEVINSON@Orrick.com; LERNCE@Orrick.com;
aloraditch@BeckleyLaw.com; 'Bob Olson'

Subject: RE: Order Approving S&M Interim Application

The amounts reallocated were reallocated from USACM (\$244,438.51) to DTDF and FTDF in the same amount of 9% or \$21,999.46. The total amounts for each FTDF and DTDF are different because different amounts of fees were incurred for each debtor.

Jeanette E. McPherson Esq.
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From: Candace Carlyon [<mailto:CCarlyon@sheacarlyon.com>]

Sent: Wednesday, October 18, 2006 6:26 AM

To: Lia Dorsey; Landis, Augie; Farrow, Scott A.; Freeman, Susan; Charles, Robert; ekarasik@stutman.com; Christine at Stutman; Parlen, Andrew; GEG@GORDONSILVER.com; GMG@GORDONSILVER.com; MALEVINSON@Orrick.com; LERNCE@Orrick.com; aloraditch@BeckleyLaw.com; Bob Olson

Cc: Jeanette McPherson

Subject: RE: Order Approving S&M Interim Application

Why are the reallocated amounts different for DTDF vs. FTDF?

From: Lia Dorsey [<mailto:ldorsey@s-mlaw.com>]

Sent: Tue 10/17/2006 11:36 AM

To: 'Landis, Augie'; 'Farrow, Scott A.'; 'Freeman, Susan'; 'Charles, Robert'; ekarasik@stutman.com; Christine at Stutman; 'Parlen, Andrew'; Candace Carlyon; GEG@GORDONSILVER.com; GMG@GORDONSILVER.com; MALEVINSON@Orrick.com; LERNCE@Orrick.com; aloraditch@BeckleyLaw.com; 'Bob Olson'

Cc: 'Jeanette McPherson'

Subject: USA: Order Approving S&M Interim Application

Counsel:

Attached please find a proposed Order Approving First Application For Interim Allowance of Attorney's Fees And Reimbursement of Expenses of Schwartz & McPherson Law Firm From April 14, 2006 Through July 31, 2006 (Affects All Debtors).

Please review the same and kindly respond with your executed signature page or comments to our office ASAP. Thank you.